

News

from the Illinois Commerce Commission

Voice: Springfield. 217.782.5793 Chicago. 312.814.2850 FAX 217.524.0674 BBS 217.782.9233 <http://www.state.il.us>

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Beth Bosch
217-782-5793

ICC CUTS COMED RATE REQUEST NEW RATES TAKE EFFECT IN JANUARY

The Illinois Commerce Commission voted unanimously Wednesday to reduce significantly Commonwealth Edison Company's request for additional revenue to operate the electric distribution system and established new rates to generate the revenue.

The Commission determined that the company should receive \$8.3 million in new revenue or a half percent increase, bringing the total operating revenue to \$1.7 billion. ComEd proposed a \$345.5 million increase or 20.6 percent, which would have resulted in \$2 billion operating revenue.

Chairman Charles Box said the Commission worked diligently and thoughtfully to construct an order that "balanced the interests of utility customers and the company.

"Our job was not an easy one," Box said. "We approved a modest increase in electric distribution rates for ComEd, recognizing that costs have gone up since the Commission last approved delivery service rates in 2003. I believe this is a fair order."

Chairman Box noted that the rate picture will become clearer for energy consumers when the price for procuring electricity is determined by auction in September.

The Commission order reduced costs in a number of areas including the proposed cost of capital, incentive compensation payments, uncollectible debt, charitable donations and advertising expenses.

The order establishes an 8.01 percent return on rate base and 10.045 percent return on common equity.

New electric system distribution rates will be the first increase for ComEd residential customers in almost ten years. In 1998, rates were reduced by 20 percent and frozen through the end of 2006, as part of the decade-long transition to full deregulation. The ICC reviewed distribution rates and approved additional operating revenue for the company in 1999 and 2001. Only customers who chose an alternative provider paid those revised delivery rates to ComEd. Distribution system rates account for approximately 20 to 30 percent of a customer's bill.

The increase in distribution system rates combined with the cost of electricity, as determined by an auction set for September 5, will be reflected on customer bills beginning in January, 2007.

The Commission is considering a related ComEd proposal to "mitigate" the impact of any rate increase on residential customers in Docket 06-0411. A decision in that case is expected in late fall.

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527 East Capitol Avenue, Springfield, IL 62701